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ROBERT QUON  
 ASSESSOR

July 13, 2010

The Honorable Board of Supervisors  
 County of Los Angeles  
 383 Kenneth Hahn Hall of Administration  
 500 West Temple Street  
 Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE CHIEF INFORMATION OFFICER (CIO) TO EXECUTE A WORK ORDER WITH EMC CORPORATION FOR CONSULTING AND SOFTWARE CUSTOMIZATION AND IMPLEMENTATION SERVICES FOR ENTERPRISE CONTENT MANAGEMENT (ECM)**

**(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)**

**CIO RECOMMENDATION: APPROVE ( ) APPROVE WITH MODIFICATION ( ) DISAPPROVE ( )**

**SUBJECT**

The Office of the Assessor (Department) requires the professional services of EMC Corporation to customize and implement ECM software for the Department's 571-L Personal Property Imaging Project (571-L PPIP). The scope of the 571-L PPIP is to utilize current technology to electronically capture the Department's 571-L forms, also known as Business Property Statements, and associated documents in order to electronically store, manage, and retrieve these documents and substantially position the Department for future application growth and paper reduction. The immediate result will be an increase in efficiency, better public service, improved document management, and a reduction in the risk associated with reliance on paper filing and storage.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and direct the CIO, at the request of the Assessor, to execute a work order (WO) for services related to ECM software customization and implementation for the 571-L PPIP project, under the County's Master Services Agreement (MSA) with EMC Corporation, at an amount not to exceed \$1,493,619. This is in accordance with the Board directive requiring Board approval of WOs in excess of \$300,000.

**ADOPTED**

BOARD OF SUPERVISORS  
 COUNTY OF LOS ANGELES

#18 JULY 13, 2010

*Sachi A. Hamai*  
 SACHI A. HAMAI  
 EXECUTIVE OFFICER

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to put into place the initial steps for transition from a paper-intensive environment to an electronic document management environment. Knowledge gained from this 571-L PPIP pilot implementation of ECM will be leveraged for expansion throughout other areas of the Department.

The 571-L is a form generated by the Department, mandated by the Revenue and Taxation Code as part of the assessment process, and sent annually during a set time period to business property assesseees or authorized agents. The form is completed by the assessee or authorized agent and returned to the Department. Once the Department receives the completed form, Department staff data enters the information contained on the form, sorts, and files the document by company name.

The 571-L form was chosen as the initial project for the Department to deploy an ECM solution for the following reasons:

- There are approximately 100,000 statements that must be managed on an annual basis. ECM will:
  - Allow electronic capture of the forms and, individually, capture specific entries on the form
  - Simplify and/or reduce data entry
  - Substantially reduce the time spent for paper filing and storage
  - Substantially reduce the time spent routing and tracking files
  - Manage workflow
  - Improve public service by allowing immediate electronic access to the 571-L form by Department staff without having to access the physical file
  - Eliminate risk of damage to the paper records due to a catastrophe by archiving electronic versions
- The forms are returned during a designated time period each year, allowing the Department to prove the newly acquired software under heavy production volume
- The forms are generated from the Department, allowing standardization on the majority of the documents
- There are enough variations to the form and the attachments to allow Department staff exposure to other documents, facilitating the training/knowledge transfer for future projects

The total cost of the project is \$2,682,585 with \$1,493,619 for ECM software customization and implementation services from EMC Corporation, which serves as the focus of this Board letter, as well as \$560,362 for the software and training required to support the software implementation, \$110,069 for one (1) year of maintenance and support, and \$518,535 for associated hardware.

The Department expects the implementation of ECM to be the beginning of a dramatic change in document management within the Department. With approximately seventy (70) forms available to the public on the internet, and many other documents part of the Department's mandated obligations, this initial step will allow the Department to move away from physical processing of the above-mentioned forms to the eventual ability to capture, store, and manage electronic versions, better utilizing County, Department, and taxpayer resources.

#### Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the County of Los Angeles Strategic Plan, amended for 2009, Goal 1: Operational Effectiveness. Although Strategies 1, 3, and 5 also apply, the implementation of ECM will directly contribute to achieving Strategy 2b, Objective 3. The Department is working in conjunction with other agencies for acquisition of scaled copies of floor plans and exterior dimensions of buildings. Once we have acquired the skills required to image, store, and manage the 571-L PPIP document, we will apply those skills to develop what is needed to image, store, and manage the scaled copies of the floor plans and exterior dimensions of buildings, and will be prepared when Objective 3 is completed.

EMC Corporation has been established as the County standard for ECM.

#### Related Due Diligence

In addition to a substantial due diligence effort with EMC Corporation, the Department has done, likewise, with Internal Services Department (ISD) and the CIO's office.

Although the long-term County plan includes the creation of ISD's Consolidated ECM Center, it was agreed that because of recent improvements to the Department's Data Center, the Department will host this infrastructure until ISD's Consolidated ECM Center is operational and prepared to assume ECM hosting capabilities for the County.

Coincident with this, ISD has commenced a cost analysis for this and further Department technology infrastructure hosting within its own ISD Data Center. Also, Department and ISD staff will commence a joint examination of the costs and associated benefits. Following a win-win conclusion, ISD will proceed to develop corresponding Service Level Agreements.

#### FISCAL IMPACT/FINANCING

The estimated cost for fiscal year 2010-2011 is \$2,682,585, all from funds in Designation for the Assessor's Tax System. These numbers include the professional

services as well as the required software and training for implementation, hardware, and the first year of maintenance and support.

There will be an immediate initial annual savings of approximately \$279,990; \$179,495 for labor costs associated with a reduction in overtime, and \$100,495 for efficiencies gained by the reduction of filing, data entry, investigation, and retrieval of this one form. Cost savings will be also realized in the reduction of folder and label supplies of approximately \$18,200 per year, and archived paper document storage of approximately \$6,500 per year.

As subsequent project phases are completed, further savings will be realized through reduction in time spent for filing and file retrieval, space needed for archival storage, and the quantity of office supplies for approximately seventy (70) Department forms utilized by the public. Included are forms for new construction, decline-in-value, and exemptions, as well as the paper files maintained for each of the approximately 2.4 million real estate properties in Los Angeles County. As the Department expands e-filing capabilities for the above-mentioned forms, additional, accumulative cost savings will be realized through reduced time spent in retrieving paper forms because of immediate electronic access. In addition, making the investment now for an in-depth transfer of skills from EMC Corporation to Department staff will allow the Department to avoid costs for future imaging projects by establishing the software infrastructure and ensuring that Department staff is trained to take charge and manage those future projects, thereby reducing the cost for outside contracting.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The MSA with EMC Corporation was approved by your Board on July 7, 2009, enabling County departments to utilize the professional services of EMC Corporation to support customization and implementation of the EMC Documentum suite of products for ECM. The MSA offers a structure for acquiring needed services through a streamlined acquisition process that is standard across the entire enterprise.

Per the MSA, any WO in excess of \$300,000 must have Board authorization. The recommended WO will be entered into the County's Information Technology Tracking System. EMC Corporation cooperated with the Department over the last year to negotiate an agreement that is comprehensive yet provides important cost savings to the County. The original price for services submitted by EMC Corporation was \$1,544,446. The vendor granted a discount during contract negotiations, bringing the final price to \$1,493,619. The software negotiated price is \$478,562, discounted significantly from a list price of \$1,157,038.

The CIO has reviewed and approved this WO (see attached CIO Analysis).

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended action will increase efficiency, improve public service, and reduce time spent searching for files by providing immediate access to the imaged forms. While in the short term there is money expended, because the Department is investing the time to develop a proficiency in the use and administration of the software solution, the Department will save money in the long run by being self-sufficient to support the day-to-day operations of document imaging, and will not need to rely on future contractor's services. In addition, document image management will reduce the threat of major loss due to catastrophe such as fire, earthquake, or water damage of the paper documentation of all properties in Los Angeles County.

**CONCLUSION**

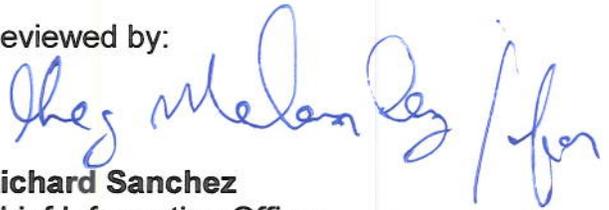
The Executive Office of the Board is requested to return one adopted stamped Board letter to the Department's Budget Unit, Hall of Administration, Room 304.

Respectfully submitted,



**Robert Quon**  
Assessor

Reviewed by:



**Richard Sanchez**  
Chief Information Officer

RQ:RM:tr

Attachment

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors

# CIO ANALYSIS

## MASTER SERVICES AGREEMENT WORK ORDER WITH EMC CORPORATION FOR CONSULTING SERVICES, SOFTWARE CUSTOMIZATION AND IMPLEMENTATION FOR ENTERPRISE CONTENT MANAGEMENT

**CIO RECOMMENDATION:**     **APPROVE**                       **APPROVE WITH MODIFICATION**  
     **DISAPPROVE**

**Contract Type:**

**New Contract**                       **Contract Amendment**                       **Contract Extension**  
 **Sole Source Contract**                       **Hardware Acquisition**                       **Other**

**New/Revised Contract Term:**    **Base Term: 11 Months**                      **# of Option Yrs** \_\_\_\_\_

**Contract Components:**

**Software**                       **Hardware**                       **Telecommunications**  
 **Professional Services**

**Project Executive Sponsor:** **Robert Quon, Assessor**

**Budget Information :**

Y-T-D Contract Expenditures	\$0
Requested Contract Amount	\$1,493,619
Aggregate Contract Amount	\$1,493,619

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with the County of Los Angeles IT Directions document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT standards?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

**Project/Contract Description:**

The Assessor's Office is requesting Board approval of a Work Order with EMC, using the County's Master Services Agreement (MSA), for professional services to customize and implement EMC software for the Department's 571-L Personal Property Imaging Project (571-L PPIP). The project is scheduled to begin in July, 2010 and conclude in May, 2011. The MSA with EMC was approved by your Board on July 7, 2009, enabling departments to utilize the professional services of EMC to support the customization and implementation of the Documentum Suite of products.

**Background:**

The scope of the project is to utilize EMC technology to electronically capture the Department's 571-L forms (Business Property Statements) and associated documents in order to electronically store, manage and retrieve these documents and position the Department for its transition from a paper intensive environment to an electronic document management environment. The CIO agrees with the Department's assessment that knowledge gained from this implementation will be valuable in other electronic document management efforts.

Businesses owning taxable personal property located in Los Angeles County, whose aggregate cost of the personal property is \$100,000 or more, are required by law to file a 571-L Business Property Statement by April 1 each year with the Assessor's Office. The 571-L and associated documents provide a basis for determining property assessments for fixtures and personal property equipment. Each year, approximately 100,000 statements are mailed by the Assessor's Office to commercial, industrial and professional firms.

**Project Justification/Benefits:**

The Business Objectives, as outlined in the EMC Statement of Services, are:

- Significant reduction in paper processing;
- Defined Work Queues with prioritized work items;
- Alerts and notifications for delayed/suspended work items;
- Integrated function key access to stored images of 571-L documents while working in the application; and
- Ability to archive electronic files in the repository.

Aside from the obvious benefits of electronic document management, the Department projects immediate initial annual savings of approximately \$279,990, including \$179,495 in reduction of overtime, and \$100,495 for efficiencies gained by the reduction of filing, data entry, investigation, and retrieval of the 571-L form. Additional annual savings of \$24,700 are projected for supplies.

This project will also provide the software and knowledge foundation for the Department to expand its electronic document management scope and generate additional efficiencies and savings in the future.

**Project Metrics:**

Per the Statement of Services, there are specific tasks, deliverables, and acceptance criteria. Requirements and test plans are well-defined. The Payment Schedule in the Statement of Services identifies 13 milestones with associated payments. My staff worked closely with the Assessor's team in the development and review of the Statement of Services.

**Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:**

The CIO agrees with the Department's position that approval of this project will increase efficiency, improve public service, and reduce time spent searching for files by providing immediate access to imaged forms.

**Alternatives Considered:**

None.

**Project Risks:**

As with any project that involves technology and process change, there are generic risks, such as lack of executive sponsorship, resource constraints, project management, etc. However, risks specifically associated with this project, as identified by the Department, are:

- AS/400 production system issues that may negatively impact the project schedule;
- Defining a project scope that is too broad to undertake with this initial implementation of Enterprise Content Management;
- End users' adaptation to and ownership of the new system and processes;
- Insufficient training for Department staff;
- Availability of local training sites;
- A training schedule that is ill suited to the project schedule; and
- Selecting an Enterprise Content Management system that is ill suited for the Department's long-term utilization.

**Risk Mitigation Measures:**

The risk mitigation measures, as identified by the Department are:

- Provide executive sponsorship, stable project staffing, clear roles and responsibilities, full-time project management, project plan, and well-defined objectives;
- Employ Cambria Solutions for Project Management consulting services and to review and provide feedback on project documentation in order to help identify risks associated with the project and develop risk mitigation strategies;
- Select a small segment of the operation to be a pilot venture in the enterprise content management implementation in order to allow Department support staff to become familiar with the system capabilities prior to expanding the technology to other areas of the operation;

- Assemble a training package that will provide staff and users with instructions specific to their roles and responsibilities within the new system and training plan that is conducive to the project schedule;
- Incorporate knowledge transfer sessions which provide project staff the ability to receive additional instruction, explanation, and demonstration of tasks performed during the Analysis and Build phases of the project;
- Place control points within the Statement of Services to ensure that each phase of the project is completed as prescribed before moving on to the next phase; and
- Use the Documentum Suite of products for the enterprise content management solution which has been established as the County's preferred approach.

The County Information Security Officer (CISO) reviewed the proposed Agreement and did not identify any risks or issues.

**Financial Analysis:**

The total cost of the project is \$2,682,585, with \$1,493,619 in fixed costs for enterprise content management customization and implementation services, which is the focus of this analysis. The costs outside of the customization and implementation services are \$560,362 for the software and training required to support the implementation, \$110,069 for one (1) year of maintenance and support, and \$518,535 for associated hardware. Project funding will come from the Assessor's Tax System Account.

**CIO Concerns:**

None.

**CIO Recommendations:**

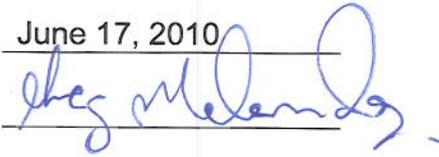
Based on our review of the Board Letter, Statement of Services, and discussions with the Department, this Office recommends approval by the Board.

**CIO APPROVAL**

Date Received: June 11, 2010

Prepared by: Henry Balta

Date: June 17, 2010

Approved: 

Date: June 17, 2010